SUBJECT COPY   INSPECTOR GENERAL
89-882

ROUTING AND RECORD SHEET

SUBJECT: (Optional) Need to Reexamine Options for Improving Agency's Financial and Logistics Systems					

DDA/REG LOGGED

FROM:		EXTENSION	NO.		
D/IG/AS 1201 Key			DATE 30 June 1989		

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TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		
1. IG 2 T 21 NHB	05 JUL 1989 5 Jul	W∂P	This memorandum has been discussed with OL and OFM BARS/CLAS program managers and C/MDA/DDA.
2. EXA	06 JUL 1989	βm	
3. DDA 7 D 18 OHB	7 JUL 1989		
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5. 413 KEY BUILDING			Some good questions. Please advise.
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INSPECTOR GENERAL

30 June 1989

MEMORANDUM FOR: Deputy Director For Administration

VIA: Inspector General

INFO: Director of Financial Management
                  Director of Information Technology
                  Director of Logistics

STAT   FROM:

                  Deputy Inspector General for Audit

SUBJECT: Need to Reexamine Options for Improving
                  Agency's Financial and Logistics Systems

1.   The premature withdrawal in late March of Cullinet
Software, Inc., from its efforts to market a funds control
version of its financial and logistics software packages has
left the BARS-CLAS program in the lurch. I believe there is a
need at this time for a basic reexamination of the options to
strengthen the Agency's finance and logistics systems. I
recommend your intervention because key policy and resource
issues are involved and there are indications that the
positions of the three DA offices directly involved in the
project, and which up to now have cooperated closely, are
apparently beginning to diverge.

2.   The BARS-CLAS effort stems from an agreement approved
by your predecessor in February 1987 in which OFM, OL and OIT
made a commitment to a combined project for a DA corporate data
base management system using commercial off-the-shelf software
packages to satisfy OFM and OL requirements. Auditors from my
staff have monitored BARS-CLAS program activities for over two
years as part of our responsibility to ensure efficient and
effective utilization of resources. Two audit reports were
issued, the first in July 1988 and the second in March 1989.
Neither report, which was sent to each of the three office
directors, contained any formal recommendations although each
suggested that, given the uneven performance of Cullinet, more
contingency planning appeared to be in order.

3.   The 1987 agreement among the offices specified the
procurement of Cullinet software packages to meet the
functional requirement of OL and OFM. As originally
envisioned, most of their requirements could be met by
commercial off-the-shelf packages and there would be design and

development only for those few functions not met by the commercial products. However, the Cullinet funds control package proved to be on the drawing board rather than on the shelf. The fact that funds control was not commercial off-the-shelf software, the lack of sufficient up-front analysis of financial requirements, the absence of a satisfactory development contract with Cullinet, an unrealistically tight schedule, and internal management lapses within Cullinet have all contributed to the situation the Agency now faces.

4.   The funds control software now "cut loose" by Cullinet is only partially complete. As noted, it is not commercial off-the-shelf software in the accepted sense and will be costly to complete and maintain. Although it may be possible to conclude quickly that the Cullinet software is not usable, it is necessarily a lengthier process to decide the opposite. There are known risks in utilizing the Cullinet software that need to be examined carefully in a documented analysis. There also should be a thorough evaluation of the security and control features of the software before a decision is made to use it.

5.   While it appears there are serious drawbacks with the Cullinet funds control software, no obviously better alternative has yet been identified. Other federal agencies have had only mixed success in using off-the-shelf financial packages. No commercial software from a single vendor provides key features found in the Cullinet package. It is likely that OL's requirements can be substantially met with commercial software. However, OFM's basic requirement for controlling funds, as presently defined, cannot be fully met except with the type of integration of financial and logistics applications expected from the incomplete Cullinet funds control software. Custom-built systems typically take longer to develop and implement and there may be budget and staffing constraints that preclude the Agency from pursuing that option at this time.

6.   The BARS-CLAS program management team is now focused on evaluating the software left behind after the Cullinet withdrawal. The BARS-CLAS program managers are not well positioned however to deal with some of the broader issues that the Cullinet withdrawal has raised. Among these are the Agency plans for integrating administrative data and the policy toward using commercial packages versus developing systems in-house. The office directors and their senior managers are actively involved in evaluating where to go from here, and there is already some contention among them on BARS-CLAS-related budget issues. Also, because the benefits and risks in the alternatives already identified are shared unequally, it appears likely that the interests of the three offices will further diverge.

7. Given what is known, the Cullinet funds control software should at best be considered one alternative among others. The most fundamental question appears to be whether the time is right to move ahead with the software already delivered or some near term alternative; or whether it makes more sense to improve the existing systems and defer development of replacements. Budget and resource constraints are clearly a foremost consideration.

8. Some of the key factors and issues that need to be addressed are: the required level of software integration between financial and logistics functions, and whether and how OL and OFM efforts should be linked; current OIT, DDA and Agency technical directions and OL and OFM strategic plans; the influence that OMB guidelines on the use of package software for financial systems should have on the decision; appropriate tradeoffs between functional and technical requirements; the need for an analysis or revalidation of requirements; the maintenance and operating costs and organizational impact of the alternatives; and the ease of transition to the succeeding generation of systems.

9. Because there appears to be no good framework in place for a systematic review of the options, and because there are strong indications that the offices involved will have great difficulty in reaching agreement, I recommend that an effort be established for this purpose under DDA auspices.

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